GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1228
ANSWERED ON:07.03.2008
DUAL CONTROL IN URBAN COOPERATIVE BANKS
Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to amend Banking Regulation Act to remove dual control in Urban Cooperative Banks;

(b) if so, the details thereof and the time by which the bill in this regard is likely to be introduced; and

(c) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c): No, Sir. To ensure regulatory coordination and cooperation under the existing legal framework, RBI has entered into Memorandum of Understanding (MoU) with State Governments. As part of the MoU, a Task Force for Urban Co-operative Banks (TAFCUB) has been set up in each of the States which have signed the MoU for identification of and drawing up of a time bound action plan for revival of potentially viable Urban Co-operative Banks (UCBs) and for non- disruptive exit for non-viable UCBs.

Based on TAFCUB's recommendations, supervisory actions that have been taken include issue of license to unlicensed banks, allowing merger of UCBs, cancellation of license of unviable UCBs etc. Further, certain other facilities like setting up of currency chest, selling mutual funds, providing foreign exchange services etc. have been extended to such banks in the MoU signed States.